

# DEFERRED LOANS

## Rental Rehabilitation Deferred Loan (RRDL) Pilot Program

### Program Overview

The Rental Rehabilitation Deferred Loan (RRDL) Program provides resources for moderate rehabilitation to owners of existing small or midsize rental housing in Greater Minnesota. The goal is to preserve affordability and provide low- and moderate-income households with access to decent housing that is convenient to jobs, transportation and essential services.

### Application Process

Eligible applicants may apply for RRDL funds by submitting an application directly to Minnesota Housing.

### Lending Terms

#### Eligible Properties:

- Permanent residential rental housing of 7 units or more
- Tenant maximum gross annual income of \$64,400 (subject to change)
- Fifty-one percent of floor space used for residential rental purposes
- Meet minimum financial feasibility and selection requirements

#### Loan Purpose:

Moderate rehabilitation of existing rental housing in Greater Minnesota

#### Loan Parameters:

Zero percent deferred end or construction loan of up to \$300,000. Up to \$25,000 per unit. The owner must agree to maintain the rent and income restrictions and report annually for the duration of the loan term. The loan will be secured by a pledge of collateral through the recording of a mortgage on the project. Minnesota Housing may adjust the loan terms based on requirements and conditions of other funding sources for the Project. RRDL cannot be combined with funds from the Minnesota Housing Consolidated RFP for five years from the date of completion.

#### Term:

Deferred 30 years, depending on loan amount. Up to 10 percent loan forgiveness for qualified owners. The remaining principal balance is due and payable at the end of the loan term.

#### Borrower:

- Individuals, sole proprietorships, developers, nonprofits, units of government, tribal housing corporations, limited partnerships, and corporations:
  - Compatible with existing commercial debt
  - Meet minimum credit worthiness and financial requirements

### Improving Homes and Communities



“The RRDL Program provides multiple benefits to both participating rental businesses and to the community. It saves money and energy, and the savings stimulate further investments in rental improvements and growth.”

- Arrowhead Economic Opportunity Agency,  
RRDL Administrator

<b>Income and Rent Limits:</b>	Income limits are the greater of 80 percent of statewide or area median income. Rents cannot exceed the Affordable to Local Workforce rent limits published by Minnesota Housing.
<b>Improvements:</b>	<ul style="list-style-type: none"> <li>• Permanent general improvements that have not been started prior to loan closing</li> <li>• Renovations or repairs to an existing structure that preserve or improve the basic livability, safety or utility of the property such as but not limited to: <ul style="list-style-type: none"> <li>• Roof</li> <li>• Windows/Siding</li> <li>• Boilers and mechanical systems</li> <li>• Energy and water saving improvements</li> </ul> </li> <li>• Must be in compliance with all applicable health, fire prevention, building and housing codes and standards, and the <a href="#">Minnesota Housing Abbreviated Design Standards and Sustainability Requirements for Limited Scope Rehabilitation Projects</a></li> </ul>
<b>Interest Rate:</b>	Zero percent
<b>Recourse:</b>	Non-recourse
<b>Monitoring:</b>	Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool. Properties will be inspected periodically.

## Questions

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